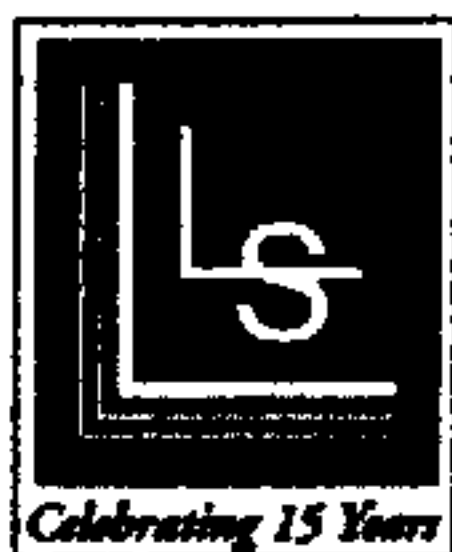


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LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

**FUNDS ON DEPOSIT
ORLEANS PARISH CLERK OF CIVIL DISTRICT COURT**

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2002**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/27/03

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LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To: Dale N. Atkins, Clerk of Civil District
Court for the Parish of Orleans

We have audited the accompanying statements of financial position of Funds on Deposit with the Clerk of Civil District Court for the Parish of Orleans, as of December 31, 2002, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Clerk of Civil District Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in NOTE 1, the financial statements present only the activities of the Funds on Deposit with the Clerk of Civil District Court and are not intended to present fairly the financial position, results of operations and cash flows of the Civil District Court of New Orleans in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Funds on Deposit with the Clerk of Civil District Court for the Parish of Orleans as of December 31, 2002 and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated May 10, 2003 on our consideration of the Organization's internal control structure and on its compliance with laws and regulations.

Luther C. Speight and Company
New Orleans, LA
May 10, 2003

Clerk of Civil District Court For The Parish Of Orleans
Funds On Deposit
Statement of Financial Position
As of December 31, 2002

	<u>Registry Fund Garnishment Fund</u>	<u>Appeals Fund</u>	<u>Total</u>
Assets:			
Cash	\$ 15,459,135	\$ 476,022	\$ 15,935,157
FHLMC Discount Note	4,991,358	0	4,991,358
Total Assets	<u>\$ 20,450,493</u>	<u>\$ 476,022</u>	<u>\$ 20,926,515</u>
Liabilities:			
Deposits by Litigants and Interest Credited	20,419,255	476,022	20,895,277
Due To Judicial Expense Fund	144,027	0	144,027
Total Liabilities	20,563,282	476,022	21,039,304
Net Assets:			
Net Assets	(112,789)	0	(112,789)
Total Liabilities & Net Assets	<u>\$ 20,450,493</u>	<u>\$ 476,022</u>	<u>\$ 20,926,515</u>

See accompanying notes.

Clerk of Civil District Court For The Parish Of Orleans
Funds On Deposit
Statement of Activities
For the Year Ended December 31, 2002

Temporarily Restricted Net Assets	
Investment Return	\$ 288,054
Net Assets Released From Restrictions:	
Recovery of Prior Year Theft	129,534
Transfer to Judicial Expense Fund	(144,027)
Temporarily Restricted Net Assets	273,561
Net Assets At Beginning of Year	<u>(386,350)</u>
Net Assets At End of Year	<u>\$ (112,789)</u>

See accompanying notes.

Clerk of Civil District Court For The Parish of Orleans
Statement of Cash Flows
Funds On Deposit
For the Year Ended December 31, 2002

Cash Flows From Activities:

Increase in Net Assets	\$ -
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Increase in Deposits by Litigants	6,435,080
Increase in Recovery of Prior Year Theft	129,534
Decrease in Due To Judicial Expense Fund	<u>(101,288)</u>
Net increase in Cash and Cash Equivalents	\$ 6,463,326
Cash and Cash Equivalents, Beginning of Year	<u>14,463,189</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 20,926,515</u></u>

See accompanying notes.

**ORLEANS PARISH CLERK OF CIVIL DISTRICT COURT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General- The Civil District Court for the Parish of Orleans was created by LSA-R.S. 13:1136. The Registry of Court fund of the Civil District Court (CDC) was created by LSA-R.S.1305.

The Clerk of Civil District Court is the custodian of the Registry of Court Fund and the Appeals Fund. The Clerk is required to receive cash and/or property deposits according to court order, which will remain the cash and/or property of the litigants until the Clerk is court ordered to disburse the cash and/or property.

Certain administrative expenses associated with the Registry of Court Fund are paid from a portion of the interest earned from the state authorized investment of these funds while held on deposit.

Basis of Accounting- The accompanying financial statements of the Funds on Deposit with the Orleans Parish Clerk of Civil District Court are reported in accordance with generally accepted accounting principles (GAAP). These principles utilize the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when incurred.

Cash and Cash Equivalents- Cash includes amounts in demand deposits, interest-bearing deposits, and time deposits. Under state law, the clerk of court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. Cash and cash equivalents include all highly liquid investments.

Investments- Investments are limited by R.S.33:2955 and clerk of court's investment policy. Original maturities of investments that exceed 90 days are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

2. CASH AND INVESTMENTS

Cash and investments consisted of the following:

Cash	\$ 15,935,157
Investment	<u>4,991,358</u>
Total	\$ <u>20,926,515</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2002, the clerk has \$15,935,157 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank.

An investment held in the name of the Civil District Court by its agent is a Category 1 investment under GASB 3 requirements. Louisiana Revised Statutes authorize the Civil District Court to invest in direct United States Treasury obligations, bonds, debentures, notes or other indebtedness issued or guaranteed by U.S. government instrumentalities which are federally sponsored or federal agencies that are backed by the full faith and credit of the United States; short-term repurchase agreements; and time certificates of deposit at financial institutions, state banks and national banks having their principal offices in Louisiana.

3. FIDUCIARY FUNDS – AGENCY FUNDS

Appeals Fund- The Appeals Fund, as provided by Louisiana Revised Statute 13:842, accounts for advance deposits on suits filed by litigants. The advances are refundable to the litigants after all applicable costs have been paid.

Registry of Court Fund- The Registry of Court Fund, as provided by Louisiana Revised Statute 13:475, accounts for funds that have been ordered by the court to be held on deposit until judgment has been rendered in court litigation. These funds are withdrawn only upon order of the court to named recipients.

4. PENDING LITIGATION

During the 2002 fiscal year, a contracted service provider was accused of writing and negotiating checks from the Clerk of Court's office in the amount of \$386,350. However, since the Clerk of Court's discovery of the theft, charges have been filed, the party has pled guilty. Funds in the amount of \$129,534 have been recovered as of December 31, 2002. The remaining balance is part of pending litigation against the bank and the guilty party and is carried in the net assets section of the report.



LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To: Dale N. Atkins, Clerk of Civil District Court for the Parish of Orleans

We have audited the accompanying financial statements of Funds on Deposit with the Clerk of Civil District Court for the Parish of Orleans as of and for the year ended December 31, 2002, and have issued our report thereon dated May 10, 2003. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

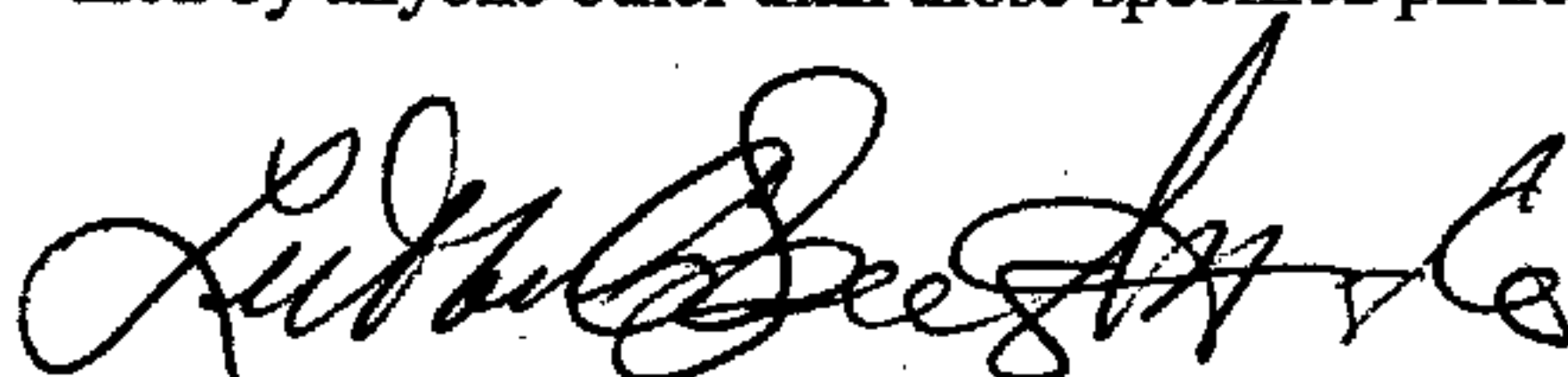
As part of obtaining reasonable assurance about whether the Funds on Deposit with the Clerk of Civil District Court of the Parish of Orleans financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Clerk of Civil District Court for the Parish of Orleans' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Clerk of Court's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item #1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that item 02-1 as described above is not considered a material weakness.

This report is intended solely for the information and use of management and others within the organization and over-sight entities and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink, appearing to read 'Luther C. Speight', with a stylized flourish at the end.

Luther C. Speight and Company
New Orleans, Louisiana
May 10, 2003

**ORLEANS PARISH CLERK OF CIVIL DISTRICT COURT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2002**

Section I – Summary of Auditor's Results

Financial Statements

An unqualified opinion was issued on the financial statements of the auditee.

Internal Control Over Financial Reporting:

Material weakness(es) identified? ☐ yes ☒ no

Reportable condition(s) identified
not considered to be material weaknesses? ☒ yes ☐ no

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

Reportable condition(s) identified
not considered to be material weaknesses? ☐ yes ☒ no

A qualified opinion was issued on compliance for the major programs.

Any audit findings disclosed that are required to be

Reported in accordance with Circular
A-133 , Section 510(a)?

☐ yes ☒ no

The major programs for the year ended September 30, 2001 were as follows:

**ORLEANS PARISH CLERK OF CIVIL DISTRICT COURT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2002**

Finding # 02-1: APPEALS FUND BALANCES NOT RECONCILED

QUESTIONED COST: \$ -0-

CONDITION

The Appeals fund accounts for monies on deposit with the Clerk of Civil Court's Office relates to litigated matters on appeal. These amounts were received and distributed by the Clerk's office in accordance with the court orders issued by the respective Judges. During our examination, we noted that the Clerk's office maintains an electronic listing of all receipts and disbursements relative to the Appeals fund, however this spreadsheet does not contain the cumulative balance for the Appeals Fund.

CAUSE

Amounts were not initially intended to accumulate in the Appeals fund, however due to the extended timing of cases on appeal the fund has grown to its present level and require additional accounting controls.

EFFECT OF CONDITION

We were unable to determine if the funds on deposit in the Appeals fund, recorded at \$476,000 reconciles to and is adequate to fund the amount required by the respective litigant cases.

CRITERIA

Proper accountability for the Appeals fund require that the funds on deposit be reconciled to the amounts due to the respective litigant cases.

RECOMMENDATION

We recommend that the Clerk's office develop a database for the Appeals funds that includes separate balances for each litigant case file. This database should be reconciled to the Appeals fund cash on deposit on a monthly basis.

**ORLEANS PARISH CLERK OF CIVIL DISTRICT COURT
UPDATE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2002**

There are no prior year audit findings on which to report.

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Clerk of Court -- Orleans Parish



CIVIL DISTRICT COURT

421 LOYOLA AVENUE

ROOM 402

NEW ORLEANS, LA 70112

August 20, 2003

Dale N. Atkins
CLERK OF COURT

TELEPHONE:
592-9100

Mr. Grover Austin
Legislative Auditor, State of Louisiana
1000 North Third Street
Baton Rouge, LA 70804

Dear Mr. Austin:

This communication is in response to the audit finding of Funds on Deposit of Orleans Parish Clerk of Civil District Court as of and for the year ended December 31, 2002.

Finding # 02-1: APPEALS FUND BALANCES NOT RECONCILED

CONDITION:

The Appeals fund accounts for monies on deposit with the Clerk of Civil District Court's Office related to litigated matters on appeal. These amounts were received and distributed by the Clerk's office in accordance with the court orders issued by the respective Judges. During our examination, we noted that the Clerk's office maintains an electronic listing of all receipts and disbursements relative to the Appeals fund, however this spreadsheet does not contain the cumulative balance for the Appeals fund.

CORRECTIVE ACTION:

The Clerk's office is implementing a computerized database that will account for the cumulative balances related to each litigant account. The database will be completed no later than September 30, 2003.

If you have any questions, please contact me at (504) 592-9105.

Sincerely,

Dale N. Atkins

Hon. Dale N. Atkins
Clerk, Civil District Court